



Key Highlights

METAC's main highlight of the past quarter was our June 7-8 [regional conference](#), which inaugurated the Center's new office premises and the new 2023-2027 program phase. We envisage a substantial increase in capacity development (CD) delivery to METAC member countries in the coming years. The event was well attended by representatives from member countries, development partners, and civil society organizations and received very positive feedback from participants. I would like to thank the METAC team, distinguished speakers and panelists, IMF colleagues, and all contributors from member countries and development partners for making this an insightful and productive event.

We will carry over the enthusiasm from the conference and METAC Steering Committee meeting into the new program phase, and we look forward to the continuing expansion of METAC's CD work. In this regard, the reopening event also provided a good opportunity to introduce METAC's newest team members: Mr. Rosen Bachvarov succeeded Ms. Fadia Sakr as revenue administration advisor, and Ms. Anastasia Janzer-Araji joined the METAC team as economist, who will focus on supporting the Center's cross-cutting work programs in the areas of climate and gender as well as new outreach initiatives.

Additional advisors will join METAC in the coming months, with several new positions being supported by the IMF's Fragile and Conflict-Affected States Initiative. To support the growing team of regional advisors, METAC is also bolstering its local team and hiring an additional [administrative assistant](#).

METAC delivered 26 country CD activities, four regional workshops, and several outreach activities in FY24-Q1. Some highlights include:

- METAC conducted a scoping mission to the Banque du Liban (BdL) on the functioning of the foreign currency (FX) market in [Lebanon](#).
- METAC worked with the Central Bank of [Jordan](#) to develop a Supervisory Review and Evaluation Process (SRP) framework.

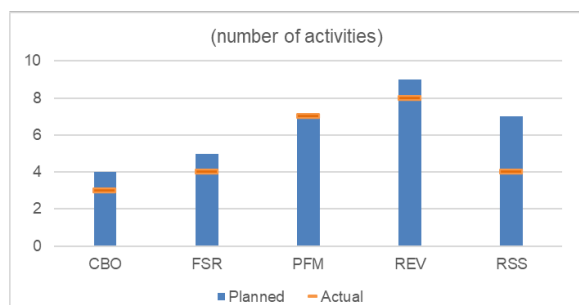
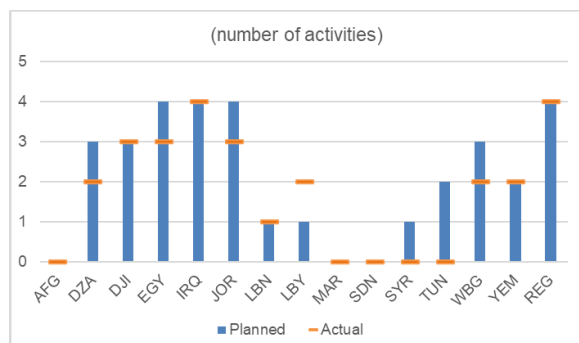
- METAC supported the [Djibouti](#) Ministry of Budget in developing its budget preparation process and medium-term fiscal framework.
- Jointly with the World Bank, METAC conducted a workshop with [Iraq](#)'s Ministry of Finance on the design of a roadmap for Treasury Single Account implementation.
- METAC assisted the [Egypt](#) Customs Authority in a strategic performance review and in developing a strategic plan.
- METAC trained the General Taxation Department of [Yemen](#) in the application of the previously developed tax audit manual.
- METAC assisted the Central Statistical Organization of [Iraq](#) to progress significantly in the production of Supply and Use Tables.
- In collaboration with the IMF's Middle East Center for Economics and Finance ([CEF](#)), METAC conducted a five-day workshop on Measuring Gross Capital Formation.
- METAC delivered a regional workshop on [Managing Tax Compliance Risks in the Oil and Gas Industry Sector](#).
- Mr. Jonas Frank, METAC Public Financial Management Advisor, co-authored an IMF Departmental Paper on [Managing Fiscal Risks in the Middle East and North Africa](#).

I would like to draw your attention to a new IMF training offering, the first Arabic-language module of the [Virtual Training to Advance Revenue Administration \(VITARA\)](#), covering tax administration organization (please also see page 13). This is a good complement to the joint METAC-CEF regional workshop on the same topic, which will take place October 23-26 at CEF in Kuwait.

Let me close by announcing two upcoming webinars on the [Revised Basel Core Principles for Effective Banking Supervision](#) that METAC will organize together with the IMF's Monetary and Capital Market Department and other IMF Regional Capacity Development Centers. The events will take place on September 12 (French) and 13 (English). Please register on METAC's [website](#) to attend the webinar.

FY24 Capacity Development Activities

May 2023 to July 2023¹



Outreach

Workshop Organized by the Institute of Finance Basil Fulaihan and the UN Women Office (Jun 6)

In a training workshop organized jointly by the Institute of Finance Basil Fulaihan and the UN Women office in Lebanon, METAC contributed a presentation on “the lessons learned by the regional and international experience in Gender Budgeting”. The training was attended by around 30 government officials and employees from public enterprises. The presentation focused on how to integrate the gender perspective in the different PFM phases, including budget planning, preparation, execution, and monitoring, while presenting a few success stories from the region.

¹ CBO: central bank operations; FSR: financial supervision and regulation; PFM: public financial management; REV: revenue administration; RSS: real sector statistics. AFG: Afghanistan; DZA: Algeria; DJI: Djibouti; EGY: Egypt; IRQ: Iraq; JOR: Jordan; LBN:

METAC Regional Conference (Jun 7-8)

METAC organized a [regional conference](#) on June 7-8 in Beirut, Lebanon, to inaugurate the Center’s new Program Phase (2023 – 2027) and mark the reopening of its office premises following the tragic August 2020 Beirut harbor explosion. The conference was followed by METAC’s annual Steering Committee meeting. With the start of the new [program phase](#), the fifth one since the Center opened in 2004, METAC plans to double the volume of [capacity development](#) delivery to its [member countries](#) across the MENA region.

The event brought together representatives from METAC member countries, development partners, civil society, and the IMF to foster capacity development collaboration, facilitate peer-to-peer exchanges, and strengthen coordination. Four panel sessions discussed [capacity development needs and challenges](#), [capacity development partnerships](#), the role of [fiscal transparency](#) in economic governance, and the importance of [gender equality](#) for economic policy.



Development Partner Meetings (Jun 6-13)

On the sidelines of METAC’s regional conference, Holger Floerkemeier (METAC) and Ms. Ann-Margret Westin (IMF Global Partnerships) conducted a series of outreach meetings with development partners to inform about METAC’s work and discuss cooperation opportunities, including Canada, Norway, Germany (GIZ), the United States (USAID), and the European Investment Bank (EIB). Mr. Floerkemeier also held meetings with Ms.

Lebanon; LBY: Libya; MAR: Morocco; SDN: Sudan; SYR: Syria; TUN: Tunisia; WBG: West Bank and Gaza; YMN: Yemen; REG: regional activities.

Mehrinaz El Awady, UN ESCWA Leader of the [Gender Justice, Population and Inclusive Development Cluster](#) to plan collaboration in the areas of gender and inclusion and attended ESCWA's 2nd Arab Forum for Equality.

Contribution to IMF Departmental Paper: “Managing Fiscal Risks in the Middle East and North Africa”

METAC contributed to an IMF departmental paper (DP/2023/005) on “[Managing Fiscal Risks in the Middle East and North Africa](#)” prepared jointly by the IMF's Middle East and Central Asia Department (MCD) and the Fiscal Affairs Department (FAD). The paper analyzes the sources of fiscal risks in 17 low- and middle-income countries in the Middle East, North Africa, and Pakistan region, excluding high-income Gulf countries. It finds that important macroeconomic shocks, contingent liabilities, and tail-risk events have affected the region in recent years, with a strong impact on macroeconomic outcomes. These are likely to remain important sources of vulnerability in the future, raising the need for robust fiscal risk management frameworks. The paper takes note of ongoing efforts to enhance fiscal risk management capacity in the region and discusses avenues for reforms to further strengthen them. It highlights the importance of building appropriate institutional frameworks for fiscal risk management, enhancing transparency on fiscal risks, and deploying a wide range of mitigation measures to better control them, drawing on the IMF's fiscal risk management framework and international best practice.

Regional Workshops

Regional Workshop on Measuring Gross Capital Formation (May 7-11)

In collaboration with the IMF's Middle East Center for Economics and Finance (CEF), METAC conducted a five-day workshop on Measuring Gross Capital Formation. The workshop was attended by 34 participants from 16 Arab countries and covered concepts, data sources, and measurement methods to compile estimates of gross fixed capital formation, changes in inventories, consumption of fixed capital, and stocks of

produced assets at current prices and in volume terms.

Regional Workshop on “IFRS9: A Supervisory Perspective” (May 29-Jun 1)

The IMF Middle East Regional Technical Assistance Center (METAC) and the IMF Center for Economics and Finance (CEF) jointly organized a regional workshop on “IFRS9: A Supervisory Perspective”. The purpose of the regional workshop was to build the knowledge of the participants on IFRS 9 standard, guide them on the role of the supervisor, discuss the implementation challenges and exchange country experience. The course was attended by 36 participants from 14 countries. The course presented the key requirements of IFRS 9, the guidance on the staging of credit risk and the evaluation criteria. It also provided in-depth sessions on the Expected Credit Loss (ECL) model assessment, the role of the supervisor in interrogating the key components of an ECL framework, and the importance of governance and control frameworks for an effective ECL. The course provided case studies on how to practically identify deficiencies in ECL frameworks. The participants were actively engaged and interacted enthusiastically during the course. The overall feedback of the participants was very encouraging.

Regional Workshop on Compiling Supply and Use Tables (Jun 11-15)

In collaboration with the Arab Institute for Training and Research in Statistics (AITRS), METAC conducted a five-day workshop on Compiling Supply and Use Tables. The workshop was attended by 23 participants from 12 Arab countries and covered topics such as data sources and practical compilation techniques, balancing methods, transforming SUTs into input-output tables, and compiling SUTs in volume terms. Participants benefitted from presentations by the IMF expert, doing exercises for self-learning, and peer-to-peer learning through discussions on country practices.

Regional Workshop Managing Tax Compliance Risks in the Oil and Gas Industry Sector (Jul 10-13)

METAC organized a regional workshop on “Managing Tax Compliance Risks in the Oil

and Gas Industry Sector” in Amman, Jordan. It was attended by 28 participants from 13 METAC countries and 3 Gulf Cooperation Council countries. Through a pre-questionnaire and country presentations, participants identified the most significant challenges their tax administrations are facing in managing the Oil and Gas sector. IMF experts addressed in plenary sessions common and country-specific risks and the Oil and Gas value chain, examined the characteristic of the sector, and identified risks at each phase of the industry lifecycle.



Technical Assistance and Training

CENTRAL BANK OPERATIONS

Algeria (Jun 18-22)

At the request of the Banque d'Algérie (BA), METAC provided a follow-up mission as part of the project of setting up a credit rating system for non-financial corporations. The project was launched during the December 2022 mission and is motivated by the objective to operationalize the acceptance of bank credit claims as collateral, both for monetary policy and for Emergency Liquidity Assistance (ELA). This focused, hands-on mission provided clarification and follow-up on outstanding recommendations of the initial mission and an update of the detailed roadmap, taking the BA's progress and experience so far into account. The mission found BA has made good progress on the organizational level but more needs to be done with respect to data collection to allow a country-specific, statistical calibration for the credit rating process.

Djibouti (May 28-Jun 6)

At the request of the Banque Centrale de Djibouti (BCD), METAC provided a technical assistance mission on domestic liquidity management. The mission focused on introducing and operationalizing reserve

requirements. The mission found that reserve requirements would provide several beneficial roles in Djibouti's currency board arrangement, absent other safety nets. The mission provided guidance on all parameters of the reserve requirement. Given limited absorption capacity and the limited track record of implementing previous TA recommendations, METAC stands ready to provide hands-on follow-up support.

Lebanon (May 2-12)

At the request of the Banque du Liban (BdL), METAC delivered a scoping mission for Technical Assistance (TA) on the functioning of the foreign currency (FX) market. At the start of the mission the BdL-Governor stated the objective to move towards a floating exchange rate with a transparent, market-determined pricing mechanism. The mission provided clear guidelines and an action plan to introduce an electronic interbank trading platform. Moreover, the interbank market should be guided by transparent rules and compliance checks and an automated, electronic trading platform will allow for a transparent pricing mechanism and reference rate. The mission stressed that an electronic trading platform is a technical tool but needs to be supported by a broader policy measure to obtain a liquid two-way FX market with a market-clearing rate.

FINANCIAL SUPERVISION AND REGULATION

Algeria (Jul 23-27)

METAC supported the Banque d'Algérie (BA) in developing new regulation for banks and financial institutions to regulate their outsourcing activities. The regulation was developed in line with EBA (European Banking Authority) guidelines and was tailored to the Algerian banking sector characteristics and legal framework. The regulation defines the essential outsourced activities and develops the minimum expectations regarding the outsourcing process. This includes the internal governance arrangements, risk management, and controls that should be in place to manage and control the risks related to outsourcing activities. It also addresses considerations related to conflict of interests, cross border relationship, and business continuity plan. The mission also provided capacity building to the

supervisors on the risks and challenges related to outsourcing arrangements to enhance their understanding, awareness, and their capacity to assess these risks.

Jordan (Jul 16-20)

METAC assisted the Central Bank of Jordan (CBJ) in implementing the first step of the multi-step roadmap devised in November 2022 for the implementation of the Supervisory Review and Evaluation Process (SRP) framework. The mission involved Q&A sessions and discussions of CBJ's ongoing projects on the risk rating framework's various blocks, global SRP architecture, and its related processes. The mission provided advice on the first versions of the associated quantitative (Key Risk Indicators) and qualitative (questionnaires framing expert judgment) aspects of the framework. It recommended to streamline the CBJ initial proposals and refocus the analysis to fully cover the main risks faced by the Jordanian banking system. The mission recommended that additional risks should be added in the SRP (e.g., IRRBB) at a later stage, stress testing results and ICAAP analysis should be also incorporated to reinforce the forward-looking aspect of the framework in addition to establishing a matrix linking between the main SRP scoring and a range of capital and liquidity add-ons (Pillar two Requirement P2R).

West Bank and Gaza (Jun 18-Jul 3)

In response to a request from the Palestine Monetary Authority (PMA), METAC conducted a virtual mission to review the PMA's current regulatory and supervisory frameworks for credit classification and provisioning under IFRS 9. It identified the gaps in the current regulatory framework that are causing the variances between the regulatory and accounting provisioning. The mission proposed a list of recommendations to address the regulatory gaps, enhance the classification of loans and the definition of restructuring and the criteria for the curing period of restructured loans. It proposed enhancing the IFRS 9 model risk management and governance. The mission also provided the examiners with a set of examination procedures to guide them in performing their supervisory review process tasks of IFRS 9 implementation.

PUBLIC FINANCIAL MANAGEMENT

Djibouti (May 7-11)

A METAC mission supported the Ministry of Budget in its objective to develop its budget preparation process, mainly on improving the budget projections and medium-term forecasting. The mission developed, in close collaboration with the budget preparation department, a new framework that is user-friendly and well-focused on the budget details. Medium-term forecasting, mainly on the revenue side, was prepared with the participation of tax agencies, with discussions focusing on the main factors influencing revenue performance. The MTF complements the Ministry of Finance and Economy's efforts and output of the country's economic model.

Egypt (May 23-Jun 1)

A METAC scoping mission identified progress made, and challenges faced in the implementation of the new PFM law, mainly regarding Performance-Based Budgeting (PBB), Medium-Term Budget Framework (MTBF) and the production of a fiscal strategy document. A phased implementation has started but should be completed before the four-year transition period. The mission highlighted that the work done on PBB over the last three years has to be considered as a pilot phase and recommended to take stock of the lessons learned in linking the program designs to the Sustainable Development Strategy, Egypt 2030. The authorities are about to produce a Fiscal Strategy paper and implement an MTBF. The mission stressed that these reforms are useful in the context of a top-down budget process, where achieving fiscal targets is a clear priority.

Iraq (Jun 13-15)

Jointly with the World Bank, METAC conducted a workshop in Amman/Jordan to design a roadmap for Treasury Single Account (TSA) implementation. The event gathered 30 participants from key stakeholders including the Ministry of Finance (MoF), Central Bank of Iraq (CBI), and six State-owned banks (SOBs). Participants developed an initial roadmap for TSA implementation, which will be overseen by the newly formed "TSA higher committee". A census of more than 12'000 bank accounts has

recently started and will continue in the coming months. A limitation for an efficient TSA will be the still limited roll-out of the recently procured core banking system. It is anticipated that development partner support, including from METAC, is required along key steps of the roadmap. The German development corporation Gesellschaft für Internationale Zusammenarbeit (GIZ) participated in the workshop as observer.



Jordan (May 15-18)

METAC supported the Fiscal Commitment Unit (FCU) of the Ministry of Finance (MoF) to strengthen PPP fiscal risk management practices. The mission developed recommendations for the short-and medium term based on meetings with technical staff of line ministries, the PPP Unit, and Public Investment Management (PIM) Unit. It provided a workshop attended by 35 participants (seven from MoF; 28 from line ministries of Energy and Mineral Resources, Investment, Planning and International Cooperation, Water Authority, Water and Irrigation, Transport, and the Greater Amman Municipality/GAM). The event concluded that three years after the enactment of the 2020 PPP Law, fiscal risk management, reporting, and mitigation measures are still at the initial stages. While MoF has the powers to stop PPP projects at three critical stages (pre-feasibility, feasibility, contract award), adequate fiscal risk management tools (among others, P-FRAM)



would still need to be applied, their use more focused, and embedded in the institutional framework.



Libya (May 14-18)

The mission worked with an MoF team, on an offsite mission in Tunis, to continue developing the MTFE and enhance the staff's capacity to self-manage the framework. This will help to ensure ownership and continuity of using the framework in the future budget preparation and fiscal analysis. The members of the macroeconomic unit were trained on basic forecasting techniques and in creating different economic and fiscal scenarios by using the framework. The mission also provided an outline of a policy document, to be prepared by the unit, to initiate fiscal policy discussions in the government.

West Bank and Gaza (May 30-Jun 1)

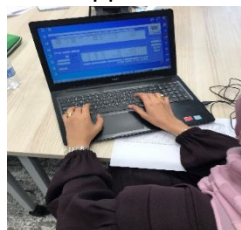
The three-day workshop was attended by the Macro Fiscal Unit, the Budget Directorate, and the PFM Coordinator. It assessed fiscal policy documents, instruments, and processes currently in use. The workshop concluded that fiscal strategy needs to be more focused, leaner, and more connected to the budget process. MoF officials developed an outline and initial content of a pre-budget statement, which can set fiscal strategy and a frame for budget planning and implementation. This instrument can still be used for the 2024 annual budget if it is launched before the end of July 2023 along with the budget circular. The



FCDO-sponsored PFM program “Takamol” participated as observer in the workshop.

Yemen (Jul 8-12)

As part of the programmatic support on budget execution in Yemen, METAC conducted an off-site mission in Amman, Jordan. The mission (i) tested the new expenditure control procedures and supported the Ministry of Finance team to



adjust the Excel tool previous to its roll-out to all line ministries; (ii) developed a concept and implementation plan to bring to scale a prototype for a mobile phone application that allows the

sending of financial data between the Ministry of Finance and spending units; this built on the FAD-METAC Hackathon event conducted in Amman in March 2023, during which several prototypes were developed and ranked. The mission was attended by eleven officials of the Ministry of Finance with staff from the expenditure control team; the cash forecasting team; as well as IT specialists.

REVENUE ADMINISTRATION

Djibouti (Jun 11-23)

METAC assisted the General Directorate of Customs and Indirect Taxes (GDC) of Djibouti in the development of its first ever strategic plan. The mission supported the GDC to: (i) develop in-house capacities in the areas of strategic planning and results-based management, (ii) conduct a high-level environmental scan, (iii) develop the strategic plan’s vision, mission, and values, (iv) validate strategic pillars, draft strategic goals, and associated performance indicators, (v) preliminarily identify the structure of the reform and modernization program. The GDC has requested further TA to finalize and launch the strategic plan as well as support with the conception and execution of the reform and modernization program.

Egypt

May 14-25

METAC assisted the Egyptian Customs Authority (ECA) in the review of its strategic

performance over the past three years, and in developing a new strategic plan for 2023-2026, including the formulation of a mission statement and SMART objectives. Specifically, METAC provided training to raise ECA staff awareness for strategic planning and strategic performance management. Several meetings, trainings, and workshops provided detailed practical advice on strategic performance and management issues. The mission proposed improvements to the strategic planning and performance measurement process. If fully embraced and resourced by the ECA leadership, improved strategic and performance management will contribute to improving overall performance of customs administration.

May 21-25

METAC conducted a follow-up mission to review the work accomplished by the various working groups on the implementation of the Post-Clearance Audit (PCA) programs. Progress was achieved in two of the six programs initiated during the previous mission (March 2023), namely customs valuation and tariff classification. Also, at the request of the Egyptian authorities, the mission reviewed current transfer pricing practices at the Egyptian Customs Administration (ECA). The mission made presentations on import transactions between related parties and discussed the OECD transfer pricing Guidelines for Multinational Enterprises and Tax Administrations.

Iraq

May 14-20

An offsite capacity development mission (to Amman, Jordan) supported the Iraqi General Commission for Taxes (GCT) in assessing its readiness to apply the self-assessment system. Guidance was provided on the key features of self-assessment and on necessary steps towards the transition to a self-assessment system. An action plan for transitioning to a self-assessment system was also presented to the GCT.

July 16-20

An offsite capacity development (CD) mission assisted the Iraq General Commission of Taxes (GCT) on good practice in

organizational design to modernize the organizational structure of GCT headquarter and regional offices. The mission addressed the importance of autonomy in public administration and advised to what extent an autonomous or semi-autonomous organizational structure would be beneficial for GCT. The mission developed with the Iraqi delegation a hybrid functional-based organizational structure, which will be reviewed by and discussed with the Ministry of Finance.

Libya (May 29-Jun 2)

The METAC mission to the Libyan Customs Administration (LCA) complemented IMF Fiscal Affairs Department (FAD) support to pilot testing of ASYCUDA World (AW) at the Port of Tripoli. The FAD expert worked closely with a core team of LCA responsible for AW implementation, offsite in Tunis, Tunisia. The LCA team was given an in-depth view of AW functionalities relating to the management of suspensive regimes and the related system of guaranties. Therefore, LCA team was enabled to better understand the functional aspects of AW regarding the management of suspensive regimes, and the measures, both technical and organizational, needed to enhance the AW prototype in testing. The LCA team committed to start with the submission of new types of declarations before end of June 2023.

Yemen (May 22-26)

An offsite training in Amman, Jordan, was conducted for the Yemeni General Taxation Department (GTD) on the tax audit manual previously developed by METAC. This training took the tax auditors through the necessary steps from assigned audit cases to the completion of the audit. The training included many practical exercises related to each audit phase. Current GTD practices were discussed, and the mission provided advice on good practices in this field.

STATISTICS

Iraq (Jul 2-12)

Following up on the mission held in February 2023, METAC assisted the Central Statistical Organization (CSO) of Iraq to progress significantly in the production of 2018 Supply and Use Tables (SUTs). The July 2023 mission

helped with balancing the supply and use of all products and move the compilation exercise into the final validation and dissemination phase.

Jordan (May 28-Jun 8)

A METAC mission assisted the Jordanian Department of Statistics (DOS) in assessing the use of administrative records to compile national accounts for financial corporations. Using administrative data to replace or complement field surveys could result in higher quality data with less response burden and cost, thereby increasing the accuracy of national accounts compilation and increasing efficiency in producing them. The mission developed templates to acquire administrative data on banks, insurers, and money exchangers from the Central Bank of Jordan and developed a method to compile GDP estimates from the source data.

Statistics Department's (STA) Long-term Experts (LTXs) Retreat (May 15-19)

METAC's real sector statistics advisor, along with the IMF Statistics Department's (STA) 24 long-term experts (LTXs) met in Washington D.C. during May 15-19 for a working visit. The visit allowed STA to gain insights on field-based CD delivery and on how LTXs could be further integrated into STA/IMF activities. LTXs were briefed on STA management's strategic priorities and Fund-wide developments, advances in areas of their technical expertise, and broader data issues—including linkages to surveillance.

ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT)

Bahrain (May 20-25)

The AML/CFT Regional Advisor participated in the Middle East and North Africa Financial Action Task Force (MENAFATF) Plenary and Working Groups meetings, held in Manama, in the Kingdom of Bahrain, from May 20-25. The participation included contributions to discussions of AML/CFT



assessment reports of Lebanon and Algeria, for which Fund staff provided external reviews and extensive comments, follow-up reports, MENAFATF governance papers, and CD coordination. During the meetings, an overview of the IMF Legal Department's CD work in the MENA region was provided, and the IMF received an award for its contributions to the MENAFATF activities.

Iraq (May 19-23)

The AML/CFT Regional Advisor backstopped a capacity development mission for Iraq that was conducted in Amman, Jordan, during May 19–23, 2023. Officials from the Central Bank of Iraq, the Ministry of Justice, the AML/CFT Office, the Terrorist Funds Freezing Committee, and the Non-Profit Organizations Directorate participated in mission activities. The mission conducted a mock assessment of effectiveness of AML/CFT supervision in the banking, money or value transfer services, and real estate sectors and of the implementation of targeted financial sanctions in Iraq. High level findings and recommendations were discussed with the authorities.



United Arab Emirates Workshop and Capacity Development Mission to Djibouti (July 6-13)

The AML/CFT Regional Advisor led a workshop on AML/CFT Risk-based Supervision in Dubai, United Arab Emirates (UAE) during July 9–13, 2023. Officials from nine MENA jurisdictions² that are scheduled to undergo an AML/CFT mutual evaluation or have not been yet subject to the process, participated in this workshop. Presentations focused on features and best practices for an effective risk-based AML/CFT supervision, of financial institutions (FIs) and designated non-financial businesses and professions (DNFBPs).

² Djibouti, Iraq, Kuwait, Libya, Oman, Somalia, Syria, West Bank & Gaza, and Yemen.



Concurrently, at the request of the Djibouti authorities, the Regional Advisor led a capacity development mission in the same venue during July 6–11, 2023. Officials from the Central Bank of Djibouti, supervisors of FIs, DNFBPs, and officials from the financial intelligence unit and other agencies relevant to financial investigations participated in mission activities. The mission conducted a mock assessment of effectiveness of AML/CFT supervision of banks and other high-risk FIs and DNFBPs, of the use of financial intelligence, and of investigations of money laundering. High-level findings and recommendations were discussed with the authorities.



Staff News



Mr. Rosen Bachvarov, a Bulgarian national, joined METAC on July 1, 2023, as Tax Administration Advisor. He has more than 20 years of professional experience in revenue administration in the areas of stakeholder engagement and communications, also being directly involved in strategic and operational planning, compliance, risk management, digital services, project management and international cooperation on tax matters. Mr. Bachvarov has been providing short term capacity development advice as an expert for the European Commission's TAIEX Program. He holds degrees from Sofia University and the University of World and National Economy in Law and Marketing.



Ms. Anastasia Janzer-Araji, a German national, joined METAC as a local economist on August 1, 2023. She previously worked as Economic Analyst at the World Bank's Macroeconomics, Trade and Investment Global Practice for the Middle East and North Africa, where she conducted macroeconomic monitoring and forecasting of the Jordanian economy and supported various analytical activities and development lending operations. Prior to that, she held various positions at UN-ESCWA, the European Central Bank and EY. Ms. Janzer-Araji holds a degree in Economics and Social Sciences from the University of Potsdam and a M.A. in Economics from the University of Wisconsin-Milwaukee.



Mr. Djamel Bouhabel, METAC Customs Administration Advisor since February 2022, left the Center at the end of July. Drawing on his extensive experience from a long career in the Canadian Customs, he started the new METAC customs workstream and provided CD on post-clearance audits and various strategic customs topics. We thank Djamel for his dedicated service to METAC member countries and wish him all the best for his new responsibilities.

Analytical Corner

IMF Publications

Regional

[Unlocking the Power of Open Budgets in the Middle East](#). IMF PFM Blog, June 2023. The public budget is a powerful tool to drive socioeconomic progress. Unfortunately, most countries in the region are lagging the rest of the world on the main indices of open budgeting.

[Challenges of Public Investment Management in Fragile and Conflict-affected States](#). IMF PFM Blog, July 2023. Fragile and Conflict-Affected States (FCS) are often characterized by poor infrastructure and significant infrastructure gaps. Public investment projects in these countries are less effective, prone to waste, poor governance, and misappropriation.

[IMF's Fiscal Affairs Department and Capacity Development: An Overview](#). IMF PFM Blog, May 2023. Since 1964, the IMF's Fiscal Affairs Department (FAD) has helped many countries build and strengthen human and institutional capacity by offering timely, practical, and tailored capacity development (CD), including technical assistance and training, on fiscal matters.

[Middle East, North Africa Vulnerable to Rising Fiscal Risks](#). IMF Blog, June 2023. Stronger risk management can reduce budgetary surprises and allow the region to plan better for development.

[Managing Fiscal Risks in the Middle East and North Africa](#). Departmental Paper DP/2023/05. Countries in the Middle East and North Africa are exposed to significant fiscal risks. This paper analyzes the sources of these fiscal risks in 17 low- and middle-income countries in the Middle East, North Africa and Pakistan region, excluding high-income Gulf countries, and discusses avenues for reform to strengthen fiscal risk management.

[Trade Integration in Africa: Unleashing the Continent's Potential in a Changing World](#). Departmental Paper DP/2023/03, May 2023. Since the 1960s, several initiatives have been undertaken to enhance trade integration in Africa. However, substantial tariff and nontariff barriers remain in place. In recent years, African leaders have shown a renewed push

for regional integration by signing the agreement on the African Continental Free Trade Area (AfCFTA). The AfCFTA has the potential to transform regional trade and thereby lift growth and support livelihoods across the continent. This paper lays out the benefits that successful AfCFTA implementation could unlock for Africa in terms of income, jobs, and other benefits.

Algeria

[Designing a Rules-Based Fiscal Framework for Algeria](#). Selected Issues, February 2023. This paper discusses the design of a rules-based fiscal framework which could help rebuild buffers and support the government's policy agenda. The proposed calibration, which relies on two separate pillars—a gross debt pillar and a savings pillar—is well-suited to Algeria and to its long-term objectives. The paper finds that building a fiscal buffer of about 40 percent of GDP, via the combination of a savings floor and a safe gross debt target (or debt anchor), could preserve medium-term fiscal sustainability and insure public finances against hydrocarbon price shocks.

[A Reexamination of Inflation Dynamics and Drivers in Algeria](#). Selected Issues, February 2023. The paper assesses the drivers and risks of persistence of the recent dynamics of inflation in Algeria. A better understanding of the relative importance of demand and supply factors in driving the acceleration in inflation is critical to inform policy choices. The analysis points to risks of inflation persistence in Algeria due to a confluence of external and domestic supply shocks, exacerbated by domestic demand factors. These findings suggest highlight the need for swift monetary policy tightening to tame inflation.

Djibouti

[IMF Staff Concludes Visit to Djibouti](#) (Press Release, June 2023). Economic growth moderated in 2022 amid international trade disruptions and the conflict in Ethiopia. Port activity started to rebound this year on the back of the peace agreement in Ethiopia, and a continued recovery is expected in 2023. Improving revenue collection, enhancing expenditure efficiency, and strengthening governance will help support investments in human capital and inclusive growth.

Iraq

[IMF Staff Concludes Staff Visit to Iraq \(Press Release\)](#). Foreign exchange market volatility and reduced oil production have affected Iraq's growth momentum. The authorities' fiscal expansion plans could stoke inflation in the short run and pose significant medium-term macroeconomic stability risks. Fiscal discipline and wide-ranging structural reforms are critical to reduce Iraq's vulnerabilities, strengthen resilience, and achieve durable and more inclusive growth.

[Strengthening the Sustainability of the Public Pension System in Iraq](#). Selected Issues, February 2023. This paper assesses Iraq's national pension system by examining the fiscal burden of budget-financed pensions and providing a sustainability analysis of the contributory pension scheme for public sector workers. It outlines reform options that can contain the fiscal burden of the pension system, improve its adequacy, and reduce labor market distortions to remove barriers to private sector growth.

[The Fiscal Cost of Iraq's Electricity Sector and Potential Gains from Reform](#). Selected Issues, February 2023. This paper examines the fiscal burden stemming from the challenges of Iraq's electricity sector and discusses elements of a potential reform strategy to help the sector provide adequate supply while moving closer to cost recovery.

Jordan

[Jordan: Sixth Review Under the Extended Arrangement Under the Extended Fund Facility and Request for Modification of Performance Criteria-Press Release; and Staff Report](#). June 2023. Despite a challenging global environment, Jordan's economy continues to grow, albeit at a moderate pace, inflation is slowing, and the outlook is generally positive. Notwithstanding these positive trends, job creation remains a challenge, and unemployment remains very high.

Lebanon

[Lebanon: 2023 Article IV Consultation. Press Release; Staff Report; and Statement by the Executive Director for Lebanon, June 2023](#). Lebanon's severe and multifaceted crisis, triggered by sizable deposit outflows and

followed by the country's first ever external public debt default, has been raging for more than three years. It was aggravated by the COVID-19 crisis and the Beirut port explosion in August 2020, but also allowed to persist and deepen by a failure to take much needed policy action, hampered by a lasting political crisis and resistance from vested interests to reforms. The economic and social impact of the crisis has been staggering: output contracted by an estimated 40 percent over 2019–22, the lira lost about 98 percent of its value in the parallel market, triple digit inflation has decimated real incomes, and unemployment and poverty have increased sharply. After three years, the public sector is failing, the provision of public services is almost nonexistent, and the banking sector has collapsed. Informality and the shadow economy have increased sharply.

Libya

[After a Decade-Long Hiatus, IMF Surveillance Resumes in Libya](#). IMF Country Focus, June 2023. The success of reforms hinges on achieving a stable political and security environment and developing institutional capacity.

[Libya: 2023 Article IV Consultation](#). Press Release; Staff Report; and Statement by the Executive Director for Libya, June 2023. This is the first Article IV Consultation since 2013. Libya's institutional framework has helped the country through a period of significant macroeconomic volatility and turmoil. There have been exceptional swings in oil production and revenues since the fall of the Ghaddafi regime in 2011. Despite this, the measures taken by the Central Bank of Libya, including the currency's devaluation in 2021, helped maintain a large buffer of international reserves. The stability of the exchange rate will remain an important anchor for monetary policy going forward.

[Libya: Banking Sector Reform—A Roadmap. Selected Issues, June 2023](#). This paper provides an overview of the challenges facing the banking sector in Libya and puts forward reforms to strengthen financial stability and accelerate credit growth. Priority reforms are identified using the 2012 sound principles for effective supervision, issued by the Basel Committee for Banking Supervision (BCBS), while also considering limitations imposed by

the country's fragility and conflict situation. The chapter recommends that the authorities (i) follow a gradual and consultative approach to regulatory reforms and (ii) support the development of human capital and systems at the commercial banks and at the Central Bank of Libya.

West Bank and Gaza

[Palestinian Labor Market Outcomes, Dynamics, and Policies. Selected Issues, April 2023](#). Over the last two decades, the Palestinian economy did not create enough jobs to absorb new labor market entrants. This even as labor force participation rates remained stubbornly low and among the lowest in the world for Palestinian women. Female labor outcomes are particularly disappointing. For both sexes, there are high disparities in labor market outcomes across governorates and cities, reflecting geographic fragmentation and spatial mismatch between labor force and employment growth. Further facilitation of private sector job creation in high-productivity tradable services sectors could help absorb well-educated labor market entrants, while Palestinian Authority (PA) policies could raise female labor force participation and employment. But PA policies alone will not suffice to tackle job market challenges, as growth remains tepid in ambitious policy scenarios, barring easing of Israeli-imposed restrictions on the movement of people. Overall, a high elasticity of jobs to growth of 0.7 suggests improved labor market outcomes and higher growth would go hand in hand.

Yemen

[IMF Staff Concludes Staff Visit to Yemen](#). Press Release, June 2023. The humanitarian and economic crisis in Yemen continues in the face of high domestic prices and halted oil exports. Maintaining reform momentum and progress on conflict resolution will be key to improve the economic outlook. Immediate efforts should focus on continuing to strengthen public financial management and preserving the FX auction system. Additional external financing is urgently needed to safeguard hard-won gains and support the ongoing reform process.

Technical Assistance Reports

The following reports were uploaded to IMF Partners Connect website. Steering Committee members of countries and donors who have signed a confidentiality agreement with the IMF may access the reports at [TA Reports \(imfconnect.org\)](https://imfconnect.org).

Financial Supervision and Regulation
Jordan: Developing Supervisory Review and Evaluation Process SRP Framework – April 2023
Morocco: Supervisory and Evaluation Process SRP – May 2023
Public Financial Management
Morocco: Appui à la mise en œuvre du cadre de référence de contrôle interne des administrations publiques – April 2023
Yemen: Budget Execution and Cash Management – April 2023
Revenue Administration
Egypt: Support to the PCA Function – May 2023
Jordan: Unsupervised Artificial Intelligence Techniques for Anomaly Detection in Customs Data – May 2023
Libya: Digitization Preparedness and Planning – March 2023
Lebanon: Reform and Organizational Restructuring in the Lebanese Customs Administration – April 2023
Morocco: Developing a Compliance Improvement Plan for the Large Taxpayer's Segment – May 2023
Statistics
Iraq: Consumer Price Index – April 2023
Iraq: Supply and Use Tables – May 2023
Jordan: Updating and Improving the Producer Price Index – May 2023

IMF Online Courses

General information is available at: <https://www.edx.org/school/imfx>. Registration for online courses, available to government officials and, in some cases, to the public can be accessed at: <http://imf.smartcatalogiq.com>

The IMF Institute offers online training to both member countries officials and the general public. Microlearning videos are available at: [IMF Institute Learning Channel - YouTube](#)



Virtual Training to Advance Revenue Administration (VITARA)

We are pleased to announce the launch of the first Arabic-language VITARA module on tax administration organization. Tax officials can register for this online course between 26 October and 16 November 2023 through this [link](#). The VITARA Organization module will provide participants with the skills to:

- Define the concept of organizational design and explain why it is important.
- Identify the main organizational models used in the design of tax administrations and explain the advantages and disadvantages of the different models.
- Compare the roles of headquarters and field operations in the organizational structure of a tax administration.
- Describe the importance of specialized units and functions within a tax administration's organizational structure.
- Better understand how tax administration organizational models can be adapted to accommodate new responsibilities and roles.

For the complete VITARA course portfolio, please follow this link [VITARA](#).

VITARA content in French is available [here](#).

We encourage you to share this new learning opportunity.

Activities Planned During August-October

Country	Topic and Lead METAC Advisor	Month/Day
Central Bank Operations – Mr. Stefaan Ide		
IRQ	Setting-up a domestic currency interbank market	TBD
DJI	Foreign Reserves management	TBD
YMN	Reorganization of the General Department of Investment: Staff's Duties and Responsibilities (Virtual)	TBD
	Reorganization of the General Department of Investment; Key concepts of FX reserve management	10/01-05
Customs Administration – Mr. Djamel Bouhabel		
DJI	Follow-up on the strategic planning/ performance measurement	10/22-27
IRQ	METAC-FAD assessment mission	08/07-18
	Support to the legal framework	10/15-26
LBN	Support to the legal framework	09/18-29
LBY	Strengthening the risk management and targeting function	08/21-25
YMN	Support to the PCA Function	08/13-17
Financial Supervision and Regulation – Ms. Nehmat Hantas		
EGY	FY24 Enhancing Corporate Governance Regulation	TBD
IRQ	Enhancing Supervision of Systemically Important Banks	09/17-21
YMN	FY24 Scoping Mission Enhancing Supervision	09/24-26
REG	Regional ICAAP/ILAAP Assessment	10/23-27
Public Financial Management – Mr. Jonas Frank		
JOR	PPP fiscal risk - PRAM training	09/18-21
LBN	Budget reporting	08/21-25
YMN	Commitment control roll-out plan and connectivity for the exchange of financial information	07/08-12
Public Financial Management – Mr. Yasser Sobhi		
LBN	MTFF Enhancement	07/31-08/04
REG	Training course on macro-fiscal planning	10/09-13
TUN	Cash management reform, and reconciliation between budget and funding	09/18-10/02
Statistics – Mr. Issam Alsammak		
EGY	GDP - Supply and use tables (Virtual)	07/30-08/03
	GDP - Supply and use tables	09/17-21
	GDP - Study visit (National accounts)	10/09-13
IRQ	PPS – Residential Property Price Index	08/13-17
REG	Regional workshop on Measuring Financial Services	10/01-05
SYR	GDP - Supply and use tables	09/03-07
TUN	GDP - Quarterly GDP by expenditure II	10/23-27
WBG	GDP - Chain-linking GDP	08/13-24
Tax Administration – Mr. Rosen Bachvarov		
DJI	Follow-up on the strategic planning/ performance measurement	10/22-27
REG	Regional Workshop on Tax Administration Organizational Design	10/23-26

Note: OA: Outreach activity ; REG: Regional activity

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-  Tunisia
-  West Bank and Gaza
-  Yemen



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